



Larry Fenster
Senior Economist
Federal Regulatory
1133 19th St., NW
Washington, DC 20036
202-736-6513

November 1, 2004

Marlene Dortch
Secretary
Federal Communications Commission
445 12th St., S.W.
Washington, D.C. 20554

**Re: In the Matter of Implementation of the Payphone Reclassification
and Compensation and Provisions of the Telecommunications Act of
1996, CC Docket No. 96-128**

Dear Ms. Dortch:

New payphone compensation rules requiring carriers completing dial-around payphone calls to file Systems Audit Reports were effective July 1, 2004.¹ On July 16, 2004, MCI requested an extension of time, until November 1, 2004, to file its Systems Audit Report.² In its Motion, MCI vowed to remediate the material exceptions identified by its auditor, and reprocess affected call records beginning July 1, 2004, so that compensation pertaining to calls made from that date forward would be rendered in accordance with its corrected payphone compensation system.

MCI hereby submits the System Audit Report of its independent auditor, KPMG, regarding MCI's compliance with Section 64.1310(a)(1) of the Commission's Final Payphone Compensation Rules. MCI's Systems Audit Report attests to the

¹ 47 CFR § 64.1320(b). *See* FCC Public Notice, DA 04-1309, rel. May 11, 2004.

² MCI Motion for Extension of Time, CC Docket No. 96-128, filed July 16, 2004.

accuracy of its payphone compensation system and the aforementioned reprocessing.

A copy of this System Audit Report has also been provided to the National Payphone Clearinghouse (“NPC”) to be posted on their secure website in order to comply with the Commission’s requirement to provide a copy to each payphone service provider from which MCI completes dial-around payphone calls.

Please contact me if you have any questions regarding this filing.

Respectfully submitted,

/s/ Larry Fenster

Larry Fenster

cc: Jeff Carlisle
Bill Dever
Darryl Cooper
Denise Coca